

MINUTES

**BOARD OF DIRECTORS
CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION
Scottsdale Marriott Suites Old Town
7325 East Third Avenue
Scottsdale, Arizona**

January 17, 2012

Present: Bill Schrader, President
Larry Aungst, Director
Jim Jenkins, Vice President
Fredda Bisman, Treasurer

Absent: Kenneth Harder, Secretary

Staff: David Smith, City Treasurer
Lee Guillory, Finance Manager

Guests: Bill Davis, Piper Jaffray
Scott Ruby, Gust Rosenfeld

1. Call to Order and Roll Call

President Schrader called the regular meeting of the City of Scottsdale Municipal Property Corporation to order at 8:10 a.m. A formal roll call confirmed the members present as stated above.

2. Old Business:

a. Approval of Minutes of the October 6, 2011 Board meeting.

BOARD MEMBER BISMAN MOVED TO APPROVE THE OCTOBER 6, 2011 CITY OF SCOTTSDALE MUNICIPAL PROPERTY CORPORATION MEETING MINUTES. BOARD MEMBER AUNGST SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). BOARD MEMBER HARDER WAS ABSENT.

3. New Business:

a. Review the audited financial statements

Finance Manager Ms. Lee Guillory noted that the audit was clean except for one entry that had to be reversed out of the construction fund. She mentioned some personnel changes in the accounting department during the past year. City Treasurer David Smith added that they are trying to strengthen the Finance Department.

b. Update of IRS exams

Ms. Guillory announced that the IRS closed its audit of the City's MPC 2004 bond issuance to purchase the land for SkySong with no findings. The IRS has advised that the MPC 2006 refunding bond is subject to examination this year.

Mr. Scott Ruby of Gust Rosenfeld explained that the IRS is becoming much more involved in the area of post-issuance compliance. The 2006 bond issue appears to have been picked at random. He anticipates formal notice of the IRS examination sometime within the first quarter. He does not expect any issues. He told Mr. Jenkins that other cities are experiencing similar routine examinations of bond issues.

c. Discuss potential new bond issues:

1. Discussion of potential bond issue to fund improvements to the Tony Nelssen Equestrian Center and proposed approval of Resolution No. MPC 2012-01 declaring intent to reimburse certain expenditures with tax exempt bond proceeds to fund said improvements

Ms. Guillory said in February more discussion will take place about continuing with this project. In the meantime this would allow the City to fund improvements before the bonds are issued. She assured the meeting that if the decision to issue bonds is taken another Board meeting would be called.

Mr. Smith elaborated that this would be a large expansion that would make it possible to use WestWorld throughout most of the year. Council is set to discuss this at their February 7 meeting. The current Council has instituted a new policy that they will no longer issue MPC bonds that will rely on the General Fund excise taxes for debt service. It is unlikely that WestWorld will be able to service \$33 million in debt relying only on its own expected operating income improvement. The complex once completed would also have substantially higher operating costs. If Council is not convinced that WestWorld can service the debt, they have three choices:

- Make an exception to the policy
- Add the project to a public bond election
- Postpone the project

Mr. Smith said this background information does not affect the Board's decision. The monies spent thus far have been funded by City Council's share of the bed tax. In response to a query by Mr. Jenkins, he said that Economic Vitality and Economic Development staff will be bringing this proposal to City Council.

President Schrader asked which of the existing big events would use the proposed new facility. Mr. Smith said the Arabian Horse Show would, and the Barrett-Jackson Classic Car Auction typically rents the whole of WestWorld but makes minimal use of the existing equidome.

BOARD MEMBER JENKINS MADE A MOTION TO ADOPT THE REIMBURSEMENT DECLARATION RESOLUTION. SECONDED BY BOARD MEMBER BISMAN, THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). BOARD MEMBER HARDER WAS ABSENT.

2. Discussion of potential bond issue to fund Tournament Players Club (TPC) improvements

Ms. Guillory reported that she recently heard about a project that may need some MPC bond funding. The proposed improvements to the TPC golf course bunkers and clubhouse have an estimated budget of approximately \$12 million. The project is in the initial stages; if staff hears more about the project, they will bring it to the Board for further discussion.

Mr. Smith noted that if this project goes forward, City Council will have to decide how it is to be financed, like the WestWorld improvements. President Schrader commented that the TPC is a huge benefit to the City.

d. Board Member Rotation Vote

Ms. Guillory summarized that according to the traditional rotation for the MPC Board, the 2012 responsibilities would be:

- President, Jim Jenkins
- Vice President, Kenneth Harder
- Treasurer, Larry Aungst
- Secretary, Fredda Bisman
- Director, Bill Schrader

BOARD MEMBER AUNGST MOVED ACCEPTANCE OF THE ROTATION AS PRESENTED. SECONDED BY BOARD MEMBER BISMAN, THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). BOARD MEMBER HARDER WAS ABSENT.

4. Public Comment

None noted.

5. Adjournment

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:37 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz

Fredda Bisman, Secretary

Jim Jenkins, President